

## IMIA Country Analysis 2010

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p><b>CANADA</b></p>	<p>CAR and EAR premiums are not listed as separate lines of business in Canada and are typically included as part of Property (Personal and Commercial). It is estimated the premium associated with such contracts for 2010 was \$192.8 million, an increase of 18% over the \$163.2 million in 2009.</p> <p>For MB incl. Boiler Explosion and LOP the Net Earned Premium in 2010 was \$307.6 million against 2009's \$292.7 million.</p> <p>For 2011 the result is likely to be similar. MB premiums equate to approximately 6% of the premium spent on Commercial Property insurance, or less than 1% of the total P&amp;C industry writings.</p>	<p>Claims, on a Net Losses incurred basis for the P&amp;C business in general (basis as above) increased slightly, coming in at \$27.3 billion, compared to \$26.1 billion in 2009, but this, as last year, includes positive run off of about \$1.2 billion.</p> <p>2010 saw an increase in catastrophic natural disasters. MB losses noticeably increased from 2009. The B&amp;M Claims Ratio had been on a steady decrease since 2003 when it was at 54%. 2008 showed a peak of 73% followed by 26.7% in 2009 with \$80.7 million. 2010 has settled in between with 36.7% totalling \$114 million, a more normal loss ratio.</p> <p>Overall claims frequency appears to be still declining but severity is increasing.</p>	<p>The Canadian P&amp;C industry wrote \$40.3 billion in direct written premium in 2010, up 7% from the \$37.7 billion in 2009. Underwriting expenses, including claims and acquisition costs, amounted to \$39.1 billion, an increase from \$37.3 billion the previous year. Underwriting income overall was up from \$388.7 million in 2009, to \$428.4 million. Investment income was almost flat at \$3.3 billion.</p> <p>With regard to Machinery Breakdown business, premium for 2010 was up 4.7% over 2009. The claims ratio of 36.72% produced profitable returns with an estimated combined ratio of 86.0%.</p>	<p>Economic recovery is proceeding. Consumer confidence is relatively high, new home construction is at a stable and sustainable level.</p> <p>Unemployment has increased slightly from 7.6% at the end of 2010 to 7.8% in the first quarter of 2011.</p> <p>The recovery in energy and the growth in energy and metal prices have had a positive effect.</p> <p>Inflation rate is running at an annualized 1.6% and is expected to stay at this level throughout the year.</p> <p>Canadian real GDP rose sharply in the first quarter by 3.9%, due in part to ongoing fiscal stimulus and consumer spending. It is expected that real GDP growth in the second quarter will fall to 2.9%, and will average 3.5% in 2011.</p> <p>Economic growth stalled in the second quarter, mainly due to the Japanese earthquake. It is expected that the economy will rebound in the third quarter.</p> <p>The insurance market cycle continues in a soft phase, small rate increases are being seen in certain segments which may continue throughout the year</p>